

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

December 21, 2005

**CONSIDERATION AND ADOPTION OF THE OPEN APPLICATION PROCESS, STUDENT
LOAN ALLOCATION ROUND AND RENTAL PROGRAM MINIMUM POINT THRESHOLDS
FOR PROGRAM YEAR 2006**

ACTION:

For the 2006 program year, approve an open application process (with the exception of the Student Loan Program), approve an allocation round process for the Student Loan Program Pool, and approve Rental Program minimum point thresholds.

BACKGROUND:

Open Application Process

Staff recommends that the Committee approve an open application process for 2006 for all program pools except the Student Loan Program Pool. This recommendation is made on the basis that each of these pools is expected to be non-competitive or evenly subscribed for the program year.

Staff recommends that the Committee establish the dates of the open application process such that applications may be submitted for consideration by the Committee at any time from January 3 through October 2, 2006. Staff anticipates that processing time for a complete application will take no longer than 60 days and allocation meetings will occur in March, May, July, September and December. If at any time during the open application process a program pool appears to become competitive, staff will return to the Committee with a recommendation to close the open application process and return to the allocation round process for that program pool.

Student Loan Allocation Round

An open application process is not recommended for the Student Loan Pool because the pool is likely to be competitive. Therefore an allocation round process, with specific dates for application submittal and award of allocation, is recommended for the Student Loan Program Pool. Staff recommends that the Committee accept applications requesting Student Loan allocation on or before March 15, 2006 for Committee consideration tentatively scheduled for May 17, 2006.

Point Thresholds

Staff recommends point thresholds consistent with those established for the past two years. The Rental Project Pool has had a minimum threshold such that any allocation to a project scoring below 70 points in the Rural and General Pools and 60 points in the Mixed Income Pool will be held until the final scheduled allocation round for the program year.

These point thresholds have worked well in 2004 and 2005. Staff has tracked whether this system has resulted in greatly lowered scores, which would result in projects meeting fewer of the Committee's public policy criteria. Staff has compared 2005 scores with prior year scores. The comparison shows that while scores have declined somewhat overall, generally scores remained high and reasonably spread from 70 to over 125 points throughout 2005. Please see Rental Program Point Analysis, attached. Staff will continue to monitor point distribution in non-competitive allocation cycles. If points decrease sufficiently staff will recommend an

Agenda Item No. I
Open Application Process, Student Loan Allocation
Round, and Rental Program Minimum Point Thresholds

increase in the point thresholds and/or other program revisions to assure that the Committee's public policy goals are continuing to be met.

RECOMMENDATION:

In light of the benefits noted above, staff recommends a minimum threshold for 2006 such that any allocation to a project scoring less than 70 points in the General and Rural Pools and 60 points in the Mixed Income Pool will be held until the final scheduled round for the program year.

Staff also recommends an open application process for all programs except the Student Loan Program Pool. Applications for the open application process will be accepted between January 3 and October 2, 2006. Staff recommends a round allocation process for the Student Loan Program Pool, with applications accepted on or before May 15, 2006.

Prepared by April Partington.